

## **EXHIBIT 1**

### **INTRODUCTION**

Respondent Long Beach Lesbian & Gay Pride, Inc. made a \$10,000 contribution to No on Knight – No on Prop 22 on January 8, 2000, and thereby qualified as a “major donor committee” under the Political Reform Act (the “Act”).<sup>1</sup> As a major donor committee, Respondent was required to file a semi-annual campaign statement, commonly known as a “major donor statement” disclosing its contribution. Respondent failed to file a major donor statement disclosing its contribution of \$10,000 during the reporting period that ended June 30, 2000, thereby committing one violation of the Act.

For the purposes of this Stipulation, Respondent’s violation of the Act is stated as follows:

After qualifying as a committee under Section 82013, subdivision (c), Long Beach Lesbian & Gay Pride, Inc. failed to file a semi-annual campaign statement by July 31, 2000, in violation of Section 84200, subdivision (b).

### **SUMMARY OF THE LAW**

An express purpose of the Act, as set forth in Section 81002, subdivision (a), is to assure that the contributions and expenditures affecting election campaigns are fully and truthfully disclosed to the public, so that voters will be better informed, and so that improper practices will be inhibited. The Act therefore establishes a campaign reporting system designed to accomplish this purpose of disclosure.

One feature of the system, found at Section 84200, subdivision (b) of the Act, is that all persons who qualify as a “major donor committee” as defined in Section 82013, subdivision (c), are required to file campaign statements each year no later than July 31 for the period ending June 30, and no later than January 31 for the period ending December 31, if they have made contributions or independent expenditures, including payments to a slate mailer organization, during the six-month period before the closing date of the statement. Section 82013, subdivision (c) defines a major donor committee as any person or combination of persons who, directly or indirectly, makes contributions totaling \$10,000 or more in a calendar year to, or at the behest of, candidates or committees. The term “persons” is defined in Section 82047 to include corporations.

Regulation 18428, subdivision (a) provides that the combined activities of “affiliated entities” shall be used to determine whether a monetary threshold has been met or exceeded. Affiliated entities that qualify as a major donor committee must file one campaign statement reflecting their combined

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<sup>1</sup> The Political Reform Act (“Act”) is contained in sections 81000 through 91014 of the Government Code. All statutory references are to the Government Code unless otherwise indicated. The regulations of the Fair Political Practices Commission, enacted pursuant to the provisions of the Act, are contained in sections 18000, *et seq.*, of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

activities. (Regulation 18428, subd. (b).)

## **SUMMARY OF THE FACTS**

Failure to file a major donor semi-annual statement, in violation of Section 84200, subdivision (b).

On January 8, 2000, Respondent Long Beach Lesbian and Gay Pride, Inc. contributed \$10,000 to the No on Knight – No on Prop 22 Committee. Respondent therefore qualified as a major donor committee under Section 82013, subdivision (c) of the Act, and became obligated to file a major donor semi-annual statement by July 31, 2000, disclosing this contribution.

Vanessa Romain was the president of the Long Beach Lesbian & Gay Pride, Inc. during the March 2000 Primary Election. According to Ms. Romain, Respondent was not aware of the major donor reporting requirements, and neither she nor Respondent received a “major donor letter” from No on Knight – No on Prop 22 informing them of their reporting obligations. Records subpoenaed from No on Knight – No on Prop 22 confirmed that neither Respondent nor Ms. Romain received a “major donor letter” advising them of the major donor reporting requirements.

Respondent promptly filed its major donor semi-annual statement when requested to do so by the Enforcement Division.

Respondent’s failure to file a major donor semi-annual campaign statement constitutes one violation of Section 84200, subdivision (b).

## **CONCLUSION**

This matter consists of one count of violating Section 84200, subdivision (b) of the Act, which carries a maximum administrative penalty of two thousand dollars (\$2,000). Pursuant to the expedited Major Donor Program revised by the Commission on August 3, 2001, the approved administrative penalty for a major donor committee that promptly complies with its filing obligations upon the request of the Enforcement Division is \$400. In this matter, Respondent was unaware of its filing obligation until being contacted by an Enforcement Division investigator, and filed the statement soon thereafter. As such, a penalty of \$400 is appropriate.